

June 5, 2001

IN RE: DOCKET NO. 2001-65-C – BellSouth - UNE

A COPY OF DIRECT TESTIMONY OF DON WOOD, CYNTHIA WILSKY, DEAN FASSETT, JERRY WILLIS, MICHAEL STARKEY AND JAKE JENNINGS FILED ON BEHALF OF THE CLEC INTERVENORS HAS BEEN DISTRIBUTED TO THE FOLLOWING:

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June 5, 2001



***Via Hand Delivery***

Mr. Gary E. Walsh  
Executive Director  
South Carolina Public Service Commission  
Synergy Business Park  
101 Executive Drive  
Columbia, SC 29210

**Re:   *Generic Proceeding to Establish Prices for BellSouth Telecommunications, Inc.s  
Unbundled Network Elements and Other Related Elements and Services  
Docket No. 2001-65-C***

Dear Mr. Walsh:

Enclosed for filing with the Commission, please find twenty-five copies of pages 84 and 85 of the prefiled testimony of Don J. Wood. As Jeanette Madison in Caroline Watson's office has called to my attention, an apparent copying error occurred with Mr. Wood's testimony which was served on all parties yesterday, which resulted in page 84 ending in mid-sentence. By copy of this letter, I am providing copies of pages 84 and 85 to all parties via facsimile.

I am also enclosing for the Commission a copy of the public version of Don Wood, Dean Fassett, Jerry Willis and Michael Starkey's testimony for use as a file copy. In accordance with BellSouth's proprietary agreement signed by us and the Commission, the proprietary copies of the prefiled testimony should be kept under seal.

Please call me if you have any questions. With best regards, I am

Very truly yours,  
  
Faye A. Flowers

FAF/ccq  
Enclosures  
cc:   Attached Service List

### Certificate of Service

The undersigned certifies that on June 4, 2001, she caused to be served the foregoing **PREFILED TESTIMONY OF DON J. WOOD, CYNTHIA WILSKY, JERRY WILLIS, DEAN FASSETT, MICHAEL STARKEY AND JAKE JENNINGS** on all known parties of record by hand-delivery or placing a copy with Federal Express (where indicated) as follows:

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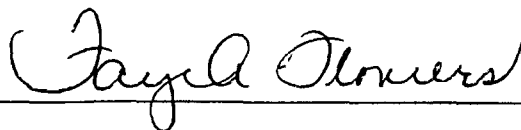
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\_\_\_\_\_  
Jayla Thomas

POSTED  
JUN 4 2001

Direct Testimony of  
Cynthia M. Wilsky

**BEFORE  
THE PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA  
DOCKET No. 2001-65-C**

IN THE MATTER OF: )

Generic Proceeding to Establish Prices )  
For BellSouth's Interconnection Services, )  
Unbundled Network Elements and Other )  
Related Elements and Services )  
\_\_\_\_\_ )

**DIRECT TESTIMONY OF**

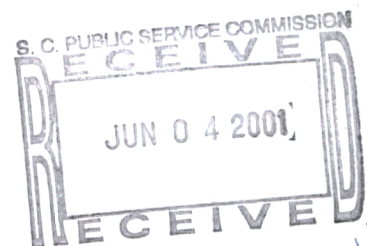
**CYNTHIA M. WILSKY**

**ON BEHALF OF**

**New South Communications, NuVox Communications, Broadslate Networks,  
ITC^DeltaCom Communications, KMC Telecom**

**Public Version**

**JUNE 4, 2001**



RETURN DATE: OK DJ  
SERVICE: OK DJ

Direct Testimony of  
Cynthia M. Wilsky

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Cynthia M. Wilsky. My business address is 4625 Alexander Drive, Suite  
3 125, Alpharetta, Georgia 30022. I am a Senior Consultant in the firm of Wood & Wood,  
4 an economic and financial consulting firm. I provide clients with financial and regulatory  
5 analysis of the telecommunications industry, with an emphasis on public policy, cost of  
6 service, and computer modeling issues.

7 **Q. PLEASE DESCRIBE YOUR BACKGROUND AND EXPERIENCE.**

8 A. I received Bachelor of Science degrees in both Finance and Accounting from Florida  
9 State University, and Masters of Business Administration degree from Georgia State  
10 University. I am also a Certified Public Accountant in the State of Georgia.  
11 Prior to coming to Wood & Wood, I was employed by AT&T Broadband as the Director  
12 of Financial Planning and Reporting for Operations. I was responsible for monitoring  
13 actual results, preparing annual budgets and monthly forecasting. This included the  
14 development and use of complex analysis models. I was also employed by Turner  
15 Broadcasting System / Time Warner, where I was responsible for financial statement  
16 preparation and analysis for the sports segment. I served as Director of Financial  
17 Reporting for Turner Sports and as Controller of the Atlanta Hawks NBA franchise. My  
18 curriculum vita is included in Exhibit CMW-1.

19 **Q. HAVE YOU PREVIOUSLY PRESENTED TESTIMONY BEFORE**  
20 **STATE REGULATORS?**

Direct Testimony of  
Cynthia M. Wilsky

1 A. In addition to the immediate proceeding, I have presented testimony to the Louisiana  
2 Public Service Commission in Docket No. U-24714-A and the Alabama Public Service  
3 Commission in Docket No. 27821.

4 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

5 A. I have been asked by NewSouth Communications Corp., Broadslate Networks of SC,  
6 Inc., ITC^DeltaCom Communications, Inc., KMC Telecom III, Inc. and NuVox  
7 Communications, collectively the "CLEC Coalition", to utilize the cost studies provided  
8 by BellSouth to develop the loop investments for the unbundled network elements. Using  
9 the appropriate inputs provided by CLEC Coalition witness, Mr. Wood, I ran the Bell  
10 South Telecommunications Loop Model ("BSTLM") and the Bell South Cost Calculator  
11 ("BSCC") to produce the UNE rates that the CLEC Coalition is proposing in this  
12 proceeding.

13 **Q. WHAT IS YOUR EXPERIENCE WITH THE BSTLM AND BSCC?**

14 A. I have reviewed the BSCC and BSTLM in Louisiana, Alabama and here in South  
15 Carolina. I received the first version of the model, for the state of Louisiana, in late  
16 September of 2000. Due to hardware problems, I was unable to run the entire model until  
17 February 2001. Once I had a successful model run, I began the process of changing the  
18 inputs in the loop model, loading the results into the BSCC, correcting the inputs in the  
19 cost calculator and running that model to develop the proposed rates. Although this  
20 should have been a straight-forward process, it was not.

Direct Testimony of  
Cynthia M. Wilsky

1 Q. PLEASE DESCRIBE THE DIFFICULTIES THAT YOU ENCOUNTERED  
2 WHILE TRYING TO UNDERSTAND AND USE THE BSTLM?

3 A. The problems that I have experienced fall into several categories.

4 •First, while the documentation provided with the BSTLM describes the hardware and  
5 software requirements for the model, I have found that a computer that meets (or  
6 exceeds) the stated specifications will not necessarily run the model.<sup>1</sup>

7 •Second, the software needed to install the model must be a highly specific version with a  
8 specific release date, and may need to be identical to the software used by BellSouth to  
9 “zip” files placed on the CD ROM.

10 •Third, the procedure for running the models to calculate costs is not documented  
11 completely. Each individual model has specific instructions (although not always  
12 correct), but an overview of all steps required to produce a final cost result was not  
13 provided. For example, the User Guide for the BSTLM describes the screens where CLLI  
14 codes may be selected for CostCalc Feed files and the “helpful macros” description  
15 explains that you must run the “remove the dot” macro on the state .xls files, but nothing  
16 bridges the gap. In fact, you must run the RService reports and the CostCalc feed files  
17 twice (once with CLLI selected in both places and once with CLLI deselected in both  
18 places). *But*, before the second run, you must rename the files so they are not overwritten.

19 *Then*, before you can import the files into the BSCC, you must run both “helpful

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<sup>1</sup> In Louisiana, I attempted to run two versions of the model as submitted by BellSouth on three different computers that met the specifications stated in the documentation, but was unsuccessful. The third computer that I tried was a machine special-ordered for the purpose of running the BSTLM, and which exceeded the specifications stated in the documentation by a wide margin. I was ultimately able to run the model only on a computer provided by BellSouth for this purpose.

Direct Testimony of  
Cynthia M. Wilsky

1 macros". There are additional steps required in the BSCC and another program that must  
2 be executed before you can generate a rate report. When I encountered and described  
3 these problems to BellSouth representatives in the Louisiana proceeding, I was told that  
4 the documentation was incomplete and needed to be corrected in some places  
5 (apparently, responsibility for documentation lies with a different department than the  
6 one responsible for producing and running the model). To the best of my knowledge,  
7 BellSouth has not produced an updated and corrected version of the model in this  
8 proceeding.

9 •Fourth, the BSTLM is very large and complex. This is not an inherent problem, and it  
10 appears that the model requires this level of complexity in order to perform the network  
11 modeling process that, as Mr. Wood describes in his testimony, represents the primary  
12 strength of this model. There are two negative consequences to this complexity,  
13 however. First, the model takes a long time (several hours, depending on the computer  
14 and the characteristics of the run) to process, even on a machine with an 800 mhz  
15 processor. As a result, it is difficult to conduct a thorough sensitivity analysis of the  
16 inputs and assumptions in a reasonable amount of time.<sup>2</sup> Second, the source code for the  
17 BSTLM's network modeling process has not been provided in a way that permits  
18 sensitivity analysis or testing (in response to a request for this code in Florida, BellSouth  
19 provided a .pdf file that permits the code to be viewed but not changed). For this reason,

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<sup>2</sup> Although I have encountered fewer problems with the BSTLM here in South Carolina than I experienced in Louisiana (primarily due to the use of the BellSouth computer), I have been unable to conduct much of the analysis that I had hoped to complete and that I believe is necessary for an adequate understanding of the details of the model.



Direct Testimony of  
Cynthia M. Wilsky

1 I have been forced, for purposes of making my recommendation in this proceeding, to  
2 accept on faith Mr. Stegeman's statements regarding how this portion of the model works  
3 and to assume that no programming errors were made.

4 •Finally, the BSTLM is brand new (it was first presented in 2000) and the versions  
5 previously filed in Florida, Louisiana, Alabama and now in South Carolina were perhaps  
6 not quite ready for prime time. When a new, highly complex piece of software (the  
7 BSTLM certainly qualifies for this characterization) is developed, it is customary for the  
8 creator to conduct extensive "alpha" and "beta" testing of the software. Based on the  
9 experience of Mr. Wood in Florida and both of us in Louisiana, Alabama and South  
10 Carolina, it appears that intervenors and Commission staffs have conducted a significant  
11 portion of the "beta" testing of the model. This has resulted in the need for software  
12 "patches," updated instructions, and an ongoing dialogue with the model developers and  
13 sponsors.

14 **Q. PLEASE DESCRIBE THE TASKS THAT YOU PERFORMED TO PRODUCE**  
15 **MODEL RESULTS IN THIS PROCEEDING.**

16 A. As discussed in Mr. Wood's testimony, the combo scenario was used to calculate the  
17 loop investment files. Exhibit DJW – 4 details the inputs that were changed in the loop  
18 model. After running the BSTLM, I took the cost calculator feed .xls files and loaded  
19 them into the BSCC. Within the cost calculator, I changed the following inputs:  
20 Expense factors per exhibit DJW – 7, Depreciation lives and salvage values per exhibit  
21 DJW – 8 and the Cost of Capital per exhibit DJW – 9.

Direct Testimony of  
Cynthia M. Wilsky

1 Q. WHAT ARE THE RESULTS OF YOUR EFFORTS IN THIS REGARD?

2 A. Making the above changes and running the State Average study for South Carolina, the  
3 BSCC produces cost results that were used to develop the proposed rates listed in Exhibit  
4 DJW – 2.

5 Q. WERE YOU INVOLVED IN OTHER TASKS DURING THE PREPARATION OF  
6 THESE RATES?

7 A. Yes. I collected data for the cost of capital calculation described in section 6 of Mr.  
8 Wood’s testimony.

9 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

10 A. Yes.

# EXHIBIT 1

*Vita of Cynthia M. Wilsky, CPA*  
*4625 Alexander Drive, Suite 125, Alpharetta, Georgia 30022*  
*Voice 770.475.9971, Facsimile 770.475.9972*

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## QUALIFICATIONS

Cynthia M. Wilsky is a Senior Consultant at Wood & Wood. She provides financial and regulatory analyses services in telecommunications, cable and related convergence industries. Ms. Wilsky's analysis has formed the foundation of expert testimony presented in both state and federal regulatory proceedings and commercial litigation.

Prior to joining the firm, Ms. Wilsky was employed in a management capacity within major companies in the cable television and broadcasting industries. As a financial analyst, she has been responsible for the development and presentation of financial budgets that align business strategy with financial performance goals. She was also responsible for monitoring actual results versus the financial budget and forecasting the expected financial impact of changes to the business plan. This included financial modeling to create pro forma statements comparing the capital and EBITDA implications of various business scenarios.

In addition to her financial expertise, Ms. Wilsky is a skilled facilitator / project manager. She has led several cross-functional teams through endeavors to improve customer service, create internal performance measurement tools and develop corporate-wide policy and procedures.

Ms. Wilsky graduated from Georgia State University with a Masters of Business Administration. She is also a Certified Public Accountant in the State of Georgia. Ms. Wilsky received a Bachelor of Science degree in Finance and a Bachelor of Science degree in Accounting from Florida State University.



## PREVIOUS EMPLOYMENT

### **Media One, Inc. / AT&T Broadband**

Financial Manager of Cable Operations

### **Turner Broadcasting System, Inc. / Time Warner, Inc.**

#### *Sports Segment*

Director of Financial Planning and Reporting

#### *Atlanta Hawks, LP.*

Controller / Business Manager

#### *Turner Sports, Inc.*

Accounting Manager

Senior Production Accountant

#### *World Championship Wrestling, Inc.*

Revenue Accountant

## EDUCATION

### **Georgia State University, Atlanta, Ga.**

Masters of Business Administration

### **Florida State University, Tallahassee, FL.**

Bachelor of Science in Accounting

Bachelor of Science in Finance